

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 GSA-01 L-03 ERDA-05 AID-05

CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FPC-01 H-02

INR-07 INT-05 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00 FEA-01 /093 R

DRAFTED BY EB/ORF/FSE:WARILEY:MEP

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EUR/CAN - DBLAKEMORE

EB/ORF/FSE - LAWRENCE R. RAICHT

GSA - VLBARNES (SUBS)

L/EUR - SGUDGEN

----- 026072

R 160132Z MAR 76

FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ENRG

SUBJECT: HAINES-FAIRBANKS PIPELINE

1. HAINES-FAIRBANKS PIPELINE (HFPL) BUILT FOR DEFENSE  
DEPARTMENT IN 1955 IS 8 INCH MULTI-PRODUCT PIPELINE SYSTEM  
(INCLUDING PUMPING STATIONS AND FACILITIES, TANK FARMS AND  
OIL TANKER DOCK). PIPELINE TRAVERSES ROUTE FROM HAINES,  
ALASKA ALONG THE HAINES AND ALASKA HIGHWAYS VIA TOK AND  
BIG DELTA TO FAIRBANKS. PIPELINE RIGHT-OF-WAY UNDER  
AGREEMENT BETWEEN US AND CANADA (TREATY SERIES 2875, JUNE  
30, 1953) CROSSES PORTION OF BRITISH COLUMBIA AND YUKON  
TERRITORY. UNDER TRIPARTITE ARRANGEMENT BETWEEN VANCOUVER  
AND OTTAWA AND OTTAWA AND WASHINGTON, TERMS OF AGREEMENT  
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PROVIDE FOR EASEMENT TO US FOR USE OF RIGHT-OF-WAY

THROUGH BC FOR PURPOSE OF BUILDING AND OPERATING PIPELINE FOR MUTUAL DEFENSE. UNDER AGREEMENT, RIGHTS GRANTED TO US MAY NOT BE TRANSFERRED WITHOUT CONSENT OF CANADIAN GOVERNMENT.

2. CANADA AGREED IN JUNE 1971 TO DISCONTINUE USE OF CANADIAN PORTION OF THE LINE. IT WAS LATER DETERMINED DOD HAD NO FURTHER MILITARY USE FOR LINE AND GSA WILL ACT AS DISPOSAL AGENT FOR US GOVERNMENT. GSA BELIEVES PIPELINE SYSTEM, PRINCIPALLY RIGHT-OF-WAY, HAS POTENTIAL VALUE TO

COMMERCIAL OPERATOR AND WISHES TO OPTIMIZE RETURN ON US GOVERNMENT INVESTMENT. SEVERAL PRIVATE FIRMS HAVE REPORTEDLY BROACHED POSSIBILITY OF USING LINE OR RIGHT-OF-WAY FOR NATURAL GAS DISTRIBUTION IN SOUTHERN ALASKA AND THE YUKON TERRITORY.

3. IN ANTICIPATION OF ITS RESPONSIBILITY FOR DISPOSING OF THIS PROPERTY, GSA HAS TRIED FOR THE PAST THREE YEARS TO DETERMINE WHETHER CANADIAN GOVERNMENT WOULD PERMIT THE LINE TO BE SOLD OR LEASED BY GSA FOR COMMERCIAL OPERATION. AN AIDE MEMOIRE FROM THE CANADIAN GOVERNMENT TO THE DEPARTMENT DATED APRIL 24, 1975 STATED THAT "... THE NEB IS PREPARED TO CONSIDER AN APPLICATION BY A COMMERCIAL ENTITY FOR CERTIFICATION OF THE HAINES-FAIRBANKS PIPELINE. THE NEB SEES NO OBJECTION TO A UNITED STATES GOVERNMENT AGENCY OFFERING THE LINE FOR LEASING PROVIDED THAT THE ENTITY TO WHICH A LEASE IS GRANTED IS FULLY INCORPORATED UNDER CANADIAN LAW. THE NEB WOULD ENSURE THAT ALL OF ITS TECHNICAL AND ENVIRONMENTAL REQUIREMENTS WERE MET BY SUCH AN ENTITY PRIOR TO GRANTING A CERTIFICATE."

4. IN LAST OF THREE INCONCLUSIVE MEETINGS, GSA, STATE DEPARTMENT AND US EMBASSY OFFICIALS MET IN OTTAWA ON MAY 20, 1975 WITH CANADIAN OFFICIALS FROM THE NEB, EXTAFF, JUSTICE, DIAND AND ENVIRONMENT TO DISCUSS THE TERMS AND CONDITIONS REQUIRED BY THE NEB FOR A PRIVATE ENTITY TO REHABILITATE AND OPERATE THE LINE. PROFOUND DISAGREEMENT WITHIN CANADIAN GOVERNMENT, PARTICULARLY BETWEEN JUSTICE LIMITED OFFICIAL USE

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AND EXTAFF ON THE ONE HAND AND NEB, SURFACED DURING MEETING ON WHETHER POSITION TAKEN IN AIDE MEMOIRE WAS APPROPRIATE GIVEN UNCERTAINTY OF OTTAWA JURISDICTION OVER RIGHT-OF-WAY THROUGH BRITISH COLUMBIA FOR NON-DEFENSE PIPELINE. CANADIAN SIDE INDICATED IT WOULD STUDY MATTER AND REPLY TO US WITHIN TWO WEEKS.

5. CANADIAN REPLY WAS NOT FORTHCOMING AND MATTER WAS

RAISED IN DISCUSSION BETWEEN DEPUTY ASSISTANT SECRETARY OF STATE JULIUS L. KATZ AND EM&R DEPUTY MINISTER GORDON MCNABB IN JUNE 1975. MCNABB INDICATED CANADIAN GOVERNMENT WOULD RESPOND RELATIVELY SOON. DISPUTE DEPARTMENT'S CONTINUOUS URGING AT VARIOUS LEVELS, THIS ISSUE SEEMS INEXPLICABLY DEADLOCKED.

6. GSA IS PRESSING DEPARTMENT FOR LONG OVERDUE DETERMINATION ON WHETHER TO PROCEED WITH PLAN TO ADVERTISE LINE FOR LEASE BY COMMERCIAL OPERATOR. GSA HAS DESCRIBED THIS PLAN IN DETAIL TO NEB WHICH INDICATED IT HAD NO OBJECTION. LINE MUST BE PUT UP FOR BID THIS SPRING

TO ALLOW INSPECTION DURING SUMMER MONTHS WHEN SNOW COVER IS OFF. IF CANADIAN GOVERNMENT FAILS TO REPLY WITHIN NEXT FOUR WEEKS, GSA BELIEVES TIME WILL BE INSUFFICIENT TO PROPERLY ADVERTISE LINE. INTERESTED BIDDERS WILL NOT BE ABLE TO INSPECT LINE DURING SHORT SUMMER SEASON AND ANOTHER YEAR WILL BE LOST.

7. DEPARTMENT UNDERSTANDS CANADIAN GOVERNMENT HAS REACHED INTER-AGENCY AGREEMENT ON TREATMENT OF PIPELINE UNDER GSA PLAN AND ASKED GOVERNMENT OF BRITISH COLUMBIA FOR CONCURRENCE OVER THREE MONTHS AGO. IN VIEW OF URGENT NATURE OF THIS PROJECT, ITS POTENTIAL VALUE TO THE US GOVERNMENT AND LONG DELAY IN RECEIVING RESPONSE FROM THE CANADIANS, EMBASSY IS REQUESTED TO APPROACH GOC AT APPROPRIATE LEVEL TO INQUIRE WHEN WE MAY EXPECT TO RECEIVE CLEARANCE FOR GSA TO PROCEED WITH LEASING AND WHAT TYPE OF INTER-GOVERNMENTAL AGREEMENT IS ENVISIONED TO COVER ANY FUTURE OPERATION OF THE PIPELINE, I.E., EXTENSION AND MODIFICATION OF THE PRESENT AGREEMENT OR A NEW AGREEMENT. KISSINGER  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM PIPELINES, LEASES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 MAR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** SmithRJ  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Film Number:** D760098-0675  
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**Line Count:** 154  
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**TAGS:** ENRG, CA, US, GSA, HAINES-FAIRBANKS PIPELINE  
**To:** OTTAWA  
**Type:** TE  
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